



Department of Business Regulation

233 Richmond Street
Providence, RI 02903

Insurance Bulletin Number 2005-8

Private Passenger Automobile Insurance Territories Insurance Regulation 62/62a

The Department issues this Bulletin to clarify insurers and advisory/rating organizations implementation of amended [Insurance Regulation 62a](#). This Bulletin supplements [Insurance Bulletin 2005-5](#) that was recently issued and focused on the implementation of amended Regulations 16 and 25. Since the issuance of Bulletin 2005-5, the Department has received inquiries on implementation of amended Regulation 62.

Insurance Regulation 62 amendments become effective on December 31, 2005. Insurers and advisory/rating organizations that currently utilize the four rating territory plan that was previously in Regulation 62 are required to bring the four existing territories into compliance with the newly established plan that becomes effective on December 31, 2005. Insurers must either adopt the ten territories established in amended Regulation 62, Section 4, or propose alternative territories substantiated by actuarially sound data. The criteria to be used by the Department will be the same criteria utilized in establishing the ten territories. The criteria for proposed alternatives must include a statewide review of each zip code within a territory. The Department will not approve the movement of one zip code unless all zip codes have been evaluated.

Insurers and advisory/rating organizations that have already established alternative territories approved by the Department are not required to adopt the territories in amended Regulation 62, Section 4. However, should the insurer wish to file future revisions to its established territories, the Department would require the proposed filing take into consideration a statewide review of all zip codes substantiated by actuarially sound data.

In addition to the above, insurers may elect to adopt territories that are currently approved for use in Rhode Island by other licensed carriers and/or advisory/rating organizations. However, if an insurer elects to adopt a filing that is currently approved for use in Rhode Island, it may not isolate certain territories or expand on those territories unless the insurer can demonstrate that the proposed alternative territory is actuarially supported based upon a statewide review of all zip codes.

The Department is aware that not all insurers and/or advisory/rating organizations currently collect data based upon zip codes. Under these circumstances, it is suggested that the insurer or advisory/rating organization either use the territories proposed in amended Regulation 62, adopt a currently approved filing in use by other insurers, or continue to use its already established territories (other than those insurers that currently use the four rating territory plan that ceases on December 31, 2005) until such time as the filer can demonstrate alternative territories based upon a statewide review of zip codes substantiated by actuarially sound data.

The Department strongly encourages all insurers, advisory/rating organizations to file the amendments to territories, if applicable, no later than September 1, 2005 to allow sufficient time for review and subsequent implementation by the insurer by December 31, 2005.

Lastly, changes in territory definitions are not to be part of a flex rate filing provided for in R.I.G.L. § 27-6-8.1 and § 27-9-7.3, unless the insurer is either adopting the ten territories provided for in Regulation 62 or is adopting territories that are currently approved for use by other licensed carriers and/or advisory/rating organizations.

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